

## Message Text

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ORIGIN L-03

INFO OCT-01 NEA-14 ISO-00 SS-20 EB-11 AF-10 IO-14 NSC-07

SP-03 COME-00 TRSE-00 OMB-01 RSC-01 /085 R

DRAFTED BY L:SMSCHWEBEL:CDJ

APPROVED BY P:JJSISCO

L:MFELDMAN

L/EB:PTRIMBLE

NEA/AF/N:GLANE

NEA:SSOBER

EB/ORF/FSE:GBENNSKY

EB/IFD/OIA:MKENNEDY

S/S:SEFRY

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R 070029Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY TRIPOLI

C O N F I D E N T I A L STATE 120303

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: EXPROPRIATION OF 49 INTERESTS OF SOCAL, TEXACO  
AND ARCO

1. REQUEST YOU TO DELIVER FOLLOWING NOTE TO LARG. BEGIN  
TEXT. (AFTER COMPLIMENTS...) THE GOVERNMENT OF THE  
UNITED STATES HAS REVIEWED THE DECREES PROMULGATED BY  
THE REVOLUTIONARY COMMAND COUNCIL ON FEBRUARY 11, 1974,  
AND THE OFFICIAL COMMENTARY UPON THOSE DECREES. THOSE  
DECREES NATIONALIZE ALL REMAINING INTERESTS IN LIBYA OF  
TEXACO OVERSEAS OIL COMPANY, CALIFORNIA ASIATIC OIL  
COMPANY AND THE LIBYAN AMERICAN OIL COMPANY, OWNED BY  
AMERICAN COMPANIES, NAMELY TEXACO, THE STANDARD OIL  
COMPANY OF CALIFORNIA AND ARCO. THEY PROVIDE THAT  
LIBYA WILL PAY COMPENSATION TO THE INTERESTS CONCERNED  
FOR THE TRANSFER OF OWNERSHIP. THAT COMPENSATION IS TO BE  
DETERMINED BY A COMMITTEE OR COMMITTEES FORMED BY THE  
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GOVERNMENT OF THE LIBYAN ARAB REPUBLIC.

STATEMENTS BY LIBYAN GOVERNMENT OFFICIALS AND THE OFFICIAL COMMENTARY OF THE GOVERNMENT OF THE LIBYAN ARAB REPUBLIC MAKE IT CLEAR THAT THE REASON FOR SO NATIONALIZING THE INTERESTS AFFECTED IS THAT OF POLITICAL RETALIATION

AGAINST THE GOVERNMENT OF THE UNITED STATES, AS A REPLY TO THE WASHINGTON CONFERENCE OF PETROLEUM CONSUMING COUNTRIES.

UNDER THE PRINCIPLES OF INTERNATIONAL LAW, MEASURES TAKEN BY A STATE AGAINST THE INTERESTS OF FOREIGN NATIONALS WHICH ARE MOTIVATED NOT BY REASONS OF PUBLIC UTILITY BUT OF POLITICAL RETALIATION AGAINST THE STATE OF WHICH THOSE NATIONALS ARE CITIZENS ARE INVALID AND ARE NOT ENTITLED TO RECOGNITION BY OTHER STATES. THE UNITED STATES GOVERNMENT ACCORDINGLY EXPECTS THAT THE GOVERNMENT OF THE LIBYAN ARAB REPUBLIC WILL DISCHARGE ITS RESPONSIBILITIES UNDER INTERNATIONAL LAW, INCLUDING THE PAYMENT OF PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION FOR THE INTERESTS AFFECTED BY THE DECREES OF FEBRUARY 11, 1974. END TEXT.

2. FYI: PURPOSE OF SENDING NOTE IS TO ENSURE THAT A U.S. PROTEST IS ON RECORD IN RESPONSE TO A TAKING OF PROPERTY OF U.S. NATIONALS IN VIOLATION OF INTERNATIONAL LAW. THAT IS IMPORTANT SINCE, IN THE PROCESS OF THE DEVELOPMENT OF INTERNATIONAL LAW (PROGRESSIVE AND REGRESSIVE), ACTION BY ONE STATE TRANSGRESSING THE RIGHTS OF ANOTHER WHICH GOES UNPROTESTED MAY BE TANTAMOUNT TO LATTER STATE'S ACQUIESCENCE. ACQUIESCENCE CAN LEAD TO RENDERING LAWFUL THAT WHICH WAS UNLAWFUL. LESSER CONSIDERATION IN FAVOR OF SENDING NOTE IS THAT SOCAL AND TEXACO ARE PURSUING ARBITRAL REMEDIES, IN WHICH U.S. NOTE MAY BE HELPFUL. IN VIEW OF PAST LACK OF LIBYAN REACTION TO PREVIOUS SUCH NOTES, WE DO NOT ANTICIPATE THAT THIS NOTE WILL INJURE PROSPECTS OF OTHER U.S. COMPANIES THAT LOOK TO CONTINUED PRESENCE IN LIBYA. END FYI. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATIONALIZATION, PETROLEUM INDUSTRY, DIPLOMATIC NOTES, INDEMNIFICATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 JUN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** smithrj  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE120303  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** SMSCHWEBEL:CDJ  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740146-1148  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740664/aaaacddl.tel  
**Line Count:** 98  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN L  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** smithrj  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 21 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <21 AUG 2002 by shawdg>; APPROVED <19 FEB 2003 by smithrj>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EXPROPRIATION OF 49 INTERESTS OF SOCAL, TEXACO AND ARCO  
**TAGS:** ENRG, LY, US, ARCO, SOCAL, TEXACO OVERSEAS OIL CO  
**To:** TRIPOLI  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005